

EXHIBIT 602



UPDATE: CRN Interview: SCO CEO Defends \$1 Billion Lawsuit Against IBM

(URL:

http://www.crn.com/sections/breakingnews/breakingnews.jhtml;jsessionid=U1Z3EJUCDIN02QSNL0SKHSCJUNN2JVN?articleId=18830075&_requestid=207443)

By Paula Rooney,
CRN
Salt Lake City

2:57 PM EDT Thu. Apr. 24, 2003

Darl McBride, president and CEO of The SCO Group, recently met with CRN Senior Writer Paula Rooney to discuss his company's \$1 billion lawsuit against IBM over IP violations. IBM will respond to those allegations in its court filing by the end of this month.

CRN: Why did SCO Group file a \$1 billion lawsuit against IBM?

McBride: At the end of the day, our most prized asset is our ownership of the Unix OS. And that's what IBM said they'd obliterate. It's a punch in the nose. You can either take flight, or fight for what's right. But this is about misappropriation of trade secrets and contractual violations. We have 30,000 licensees of the Unix OS. We've always been very open with the source code to any institution that wanted it, whether it's a university, government or a corporation. If they turn it to commercial use, there are royalties. In our contract, it states that licensees must use their best efforts to protect our source code.

CRN: How many licensees pay royalties to SCO Group now?

McBride: A lot of people are getting the source code, but not a lot are paying royalties now.

CRN: What components does SCO allege IBM donated to the open-source community?

McBride: I can't answer that right now for legal reasons. It will be discussed in court. But we're not talking about insignificant amounts of code. It's substantial System V code showing up in Linux.

CRN: When you decided to license the source code libraries last fall, did SCO Group approach IBM on this?

McBride: The open-source guys were cool with it. IBM wanted to keep IP issues under the rug. They said not to talk about IP. And they talked about source code libraries. They told us if we didn't retract it, IBM would stop doing business with us. IBM threatened us and told us if we didn't back off, life would be ugly.

CRN: But some would claim you are trying to destroy the Linux industry.

McBride: No. Whose making money off Linux? Red Hat barely had its head above water and it's right back down again. If

you look closely, a lot of the Linux distributors have gone out of business on this model. You have to ask, who is making money? And it's IBM. IBM is making money on boxes and IBM Global Services. If you're this company, don't you have an interest in the operating system being commoditized because there's more money in hardware and services? Linux Torvalds regulates the trademark and determines what goes in and out of the kernel. So who is the policing agency that checks the code and makes sure there aren't IP violations? Linux doesn't have IP roots. If it's true that IBM has violated, let's get some roots in the ground on this.

CRN: Have you talked to Red Hat?

McBride: Yes. We approached Red Hat [about licensing source code libraries] and they thought [our claim] was interesting. They said they'd talk about it, but then called back and said we'll pass [on licensing the source code from SCO]. [Red Hat Chairman and CEO Matthew] Szulik said copyright issues scare him. But Red Hat has had a free ride. In its IPO filings, one of the warnings to investors stated clearly that Red Hat may be violating IP and one day they may have to step up and pay royalties. Why not? Every time I ship a copy of my operating system, I pay royalties to Novell and Veritas. There will be a day of reckoning for Red Hat and SuSE when this is done. But we're focused on the IBM situation.

CRN: How much of this stems from Project Monterey? [Project Monterey was a joint venture between IBM, Intel and SCO to produce a Unix-based cross-platform operating system.]

McBride: IBM walked away from Project Monterey, and they told us if we didn't like it, sue us. That took two years out of our life. IBM took chunks out of Monterey, and gave it away. You can find it in Red Hat and SuSE Linux. When IBM pulled out of Monterey, they did it concurrently with moving over to Linux. The heat has been turning up on this for some time.

CRN: This lawsuit is very unpopular among many in the open-source community.

McBride: We're either right or we're not. If we're wrong, we deserve people throwing rocks at us. But what if SCO is right? When we go through the legal proceedings, people will see. Is there collateral damage? Yes. We had our eyes wide open when we started this. We're not blind as to what is going on around us. But we're in it for the long haul.

CRN: How is your standing in the UnitedLinux organization and what has been the response of the other three UnitedLinux members, notably SuSE Linux?

McBride: UnitedLinux is taking a hands-off approach. SuSE expressed their concerns about [the lawsuit].

CRN: Some are worried that a court case might give Microsoft a legal precedent that could be used to deaccelerate adoption of Linux at customer sites. What do you say to that?

McBride: In our case, Linux comes from Unix and we own the Unix operating system. How this plays out with other code bases, I don't know.

CRN: What are you trying to do? Some say you are trying to compete against Linux by destroying it.

McBride: We will use our best efforts to protect our source code.

CRN: Is SCO getting support?

McBride: Yes, we're getting a good amount of support from the OEMs and even others in the Linux community. We have a good relationship with Sun [Microsystems]. Of all the companies, they are very clear in terms of licensing. They paid more than \$100 million [in royalties]. They're not interested in destroying Unix.

IBM was unique in their push back. They know this is a problem, but they played a card. They underestimated our resolve. This is not about eking out some [marketing development funds] or getting more money for the quarter. This is our most prized possession. We're the source of AIX, HP UX, Solaris, Linux, Mac OSX. It all comes from us. The only one that hasn't been rationalized [from a licensing perspective] is Linux. If people signed a source code license with us, they have to think hard about how they protected it or didn't protect it.

CRN: Many in the open-source community support IBM's efforts to make Linux succeed.

McBride: There are a lot of people that don't care about IBM. IBM has been very arrogant in the last few years. They're feeling their oats. Now that they're on top of the game, it was probably inconceivable to them that little SCO would take them on. But at the end of the day, we're either right or wrong, legally.

CRN: What do you say to those in the open-source community who are angered by SCO's actions?

McBride: What if SCO is right? We're not trying to destroy the Linux industry. They say we're attacking Linux, but IBM brought this on. We are in defense mode. We've been attacked. To the open-source community, I ask them how they feel that IBM knew about these contracts and did what they did anyway. You have to shift the responsibility back to IBM and ask them why they're ruining [the open-source community's] party.

CRN: Well, won't it destroy Linux?

McBride: Not necessarily. We have options to apply our IP to Linux. But if we get no benefit from it, then the dog won't hunt. It could be potentially invigorating for the industry. There are a lot of great things about open source, but you can't ask one company or companies to be the sacrificial lamb in the process.

CRN: Why are you going after IBM?

McBride: The question about Linux is, 'Who is driving the road map for Linux, and who is driving the investment behind it?' IBM said it profited immensely from Linux. If they did it straight up, God bless them. But to the extent they have done that illegally, then that's a different situation.

CRN: Many people do not take you seriously, saying you're just trying to grab some quick cash and SCO is making Linux the sacrificial lamb.

McBride: Everyone just says we're a company going out of business, and throwing a Hail Mary pass, but once we get to court, those who say that will look as strange as the Iraqi information minister on TV saying the infidels are defeated and did not get into Baghdad.

CRN: What do you intend to do if IBM wants to take this to trial?

McBride: By June 13, if there is no response from IBM, we will revoke their AIX contract so they won't have source code to use it. The judge will then make up his or her mind.

CRN: Have settlement talks begun?

McBride: The phones are not ringing off the hook. From what I hear, IBM will blacken the Utah sky with lawyers.

CRN: Your case seeks \$1 billion in damages. It's not an insignificant amount.

McBride: Some say we undershot. If they choose to go to trial, and it comes out in our favor, that will generate large damages on the punitive side. You know, big company taking on little company. IBM paints us as those whiny SCO guys, but that's not the case. To the extent that IBM competes fairly, and legally, and win, then I'll take my ball and go home. But it's another thing if you do it unfairly and illegally, then I think we should stay in the game.

CRN: How far are you willing to take this?

McBride: We're in it for the long haul. System V is the basis for all operating systems outside of Redmond-AIX, HP UX, Solaris, Apple and Linux. Linux is the only one not rationalized [from a licensing perspective]. IBM claims we're about to go out of business, but we've never been as strong a company as we are now. If IBM said that last year, when we were on the ropes, well, OK, that would be different. But we expect to continue to grow our source code revenues, and our projected revenues next quarter will nearly double that of what it is now.

CRN | UPDATE: CRN Interview: SCO CEO

Page 4 of 4

Copyright 2006 CMP Media LLC.

> Zero channel conflict

**BE A HERO
TO YOUR CUSTOMERS**

And find additional profit in their networks!

Network Physics

